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RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Fifth Committee (A/51/746)]

51/217. United Nations pension system

The General Assembly,

Recalling its resolutions 45/242 of 21 December 1990, 46/192 of 20 December 1991, 47/203 of 22 December 1992, 48/224 and 48/225 of 23 December 1993 and 49/224 of 23 December 1994, as well as section VII of its resolution 50/216 of 23 December 1995 and its decision 50/485 of 7 June 1996,

Having considered the report of the United Nations Joint Staff Pension Board for 1996 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund,[1] chapter III of the report of the International Civil Service Commission for the year 1996,[2] the report of the Secretary-General on the investments of the Fund[3] and the related report of the Advisory Committee on Administrative and Budgetary Questions,[4]

I

ACTUARIAL MATTERS

Recalling section II of its resolutions 47/203 and 48/225 and section I of its resolution 49/224,

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[1] Official Records of the General Assembly, Fifty-first Session, Supplement No. 9 and corrigendum (A/51/9 and Corr.1).

[2] Ibid., Supplement No. 30 (A/51/30).

[3] A/C.5/51/4.

[4] A/51/644.

Having considered the results of the valuation of the United Nations Joint Staff Pension Fund as at 31 December 1995 and the observations thereon of the Consulting Actuary of the Fund, the Committee of Actuaries and the United Nations Joint Staff Pension Board,[5]

1. Takes note of the decrease in the actuarial imbalance from 1.49 to 1.46 per cent of pensionable remuneration, reflected in the valuation of the United Nations Joint Staff Pension Fund as at 31 December 1995, and, in particular, of the opinions provided by the Consulting Actuary and the Committee of Actuaries, as reproduced in annexes IV and V, respectively, to the report of the United Nations Joint Staff Pension Board,[1] that there was no requirement, as at 31 December 1995, for deficiency payments under article 26 of the Regulations of the Fund and that the current contribution rate of 23.7 per cent of pensionable remuneration could be maintained for funding purposes, pending a review at the time of the next valuation, as at 31 December 1997, and in the light of future developments;

2. Takes note also of the reviews by the Standing Committee of the Board in 1995 and the Board in 1996 of the interest rate used to determine lump-sum commutations, and of the decision by the Board, under article 11 of the Regulations of the Fund, to retain the current 6.5 per cent interest rate, which would be reviewed again by the Board in 1998;

3. Takes note further of the review by the Board of further amendments required to article 28 of the Regulations of the Fund as a consequence of the increase in the maximum number of years of creditable contributory service that had been adopted by the General Assembly in its resolution 49/224 and had entered into effect on 1 July 1995;

4. Approves, with retroactive effect as from 1 July 1996, amendments to paragraphs (d) and (g) of article 28 of the Regulations of the Fund, as set out in annex I to the present resolution.

II

PENSIONABLE REMUNERATION OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES AND IN THE GENERAL SERVICE AND RELATED CATEGORIES

Recalling section I, paragraph 3, of its resolution 45/242 and section I, paragraph 3, of its resolution 47/203 concerning its request to the International Civil Service Commission to undertake, in full cooperation with the United Nations Joint Staff Pension Board, a further comprehensive review of the methodology for the determination of the scale of pensionable remuneration of staff in the Professional and higher categories, for monitoring the level of the scale and for its adjustment between comprehensive reviews, and to submit recommendations thereon to the General Assembly at its fifty-first session, in 1996,

Recalling also section I of its resolution 48/225, in which it approved (a) the use of the income replacement approach to determine the pensionable remuneration of staff in the General Service and related categories; (b) the application of an interim adjustment procedure similar to that applicable to staff in the Professional and higher categories, namely, on the basis of a 1:1 relationship to increases in the net salaries; and (c) the procedure recommended by the Commission for determining a common staff assessment scale,

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[5] See Official Records of the General Assembly, Fifty-first Session, Supplement No. 9, sect. III.A.

with two separate sets of rates (single and dependent), for introduction in 1997,

Recalling further its request to the Commission, in the same resolution, in close cooperation with the Board and as part of the comprehensive review in 1996 of the methodology to determine the pensionable remuneration and consequent pensions of staff in the Professional and higher categories, to develop a common staff assessment scale for the determination of the pensionable remuneration of all categories of staff using the approved procedure and reflecting the latest available tax rates,

Noting with satisfaction that the close cooperation between the Commission and the Board has resulted in agreement between the two bodies on the methodologies for determining the pensionable remuneration of all categories of staff and on the development and application of a common staff assessment scale for pensionable remuneration purposes, as reflected in their respective reports,

Noting that the Commission, in accordance with article 10 (d) of its statute, has developed the common staff assessment scale for pensionable remuneration purposes, contained in annex IV to the report of the Commission,[2] taking into account the views of the Board as set out in paragraphs 152 to 159 of its report[1] and the considerations set out in paragraphs 83 to 89 of the report of the Commission,

Recalling its decision in section III of its resolution 51/216 of 18 December 1996 that the common staff assessment scale recommended by the Commission should be applied in determining the pensionable remuneration of all categories of staff, with effect from 1 January 1997, subject, in the case of staff in the General Service and related categories, to the procedure set out in paragraph 107 of the report of the Commission,

1. Decides, as regards staff in the Professional and higher categories, that:

(a) Income replacement in New York should continue to be used as the basis for the methodology for the determination of the pensionable remuneration of such staff;

(b) The methodology to determine the current scale of pensionable remuneration, described in annex I to the report of the International Civil Service Commission,[2] should continue to be used in the future;

(c) The current interim adjustment procedure for adjusting pensionable remuneration of such staff between comprehensive reviews should be continued, as described in annex I to the report of the Commission;

(d) The monitoring of pensionable remuneration and the United Nations/United States income replacement ratios should be carried out on the occasion of periodic comprehensive reviews of the pensionable remuneration and consequent pensions of such staff; between comprehensive reviews, the Commission should review every two years the factors affecting the comparisons of pensionable remuneration and income replacement ratios and, if necessary, submit a report thereon to the General Assembly;

2. Takes note of the decision of the Commission to carry out, in close cooperation with the United Nations Joint Staff Pension Board, on the occasion of future comprehensive reviews of the pensionable remuneration of staff in the Professional and higher categories, actuarial analyses of the pension benefits from the United Nations Joint Staff Pension Fund scheme and

those applicable to the staff of the comparator service, and to report thereon to the General Assembly;

3. Amends, with effect from 1 January 1997, article 54 (b) of the Regulations of the Fund, as set out in annex I to the present resolution, to incorporate the revised scale of pensionable remuneration of staff in the Professional and higher categories, using the approved common staff assessment scale;

4. Decides, as regards staff in the General Service and related categories, that:

(a) The income replacement approach and the methodology related thereto should continue to be used for the determination of pensionable remuneration of such staff, including the use of 66.25 per cent of the net pensionable salary for grossing-up purposes;

(b) The current interim adjustment procedure should continue to be used in the future

5. Takes note of the decision of the Commission to establish a working group to review the methodology for identifying and quantifying the non-pensionable components of the salaries of staff in the General Service and related categories, as part of the Commission's review of the General Service salary-setting methodologies for headquarters and other duty stations scheduled for 1997;

6. Requests the Commission, in full cooperation with the Board, to undertake in 2002 further comprehensive reviews of the methodologies for the determination of the pensionable remuneration of staff in the Professional and higher categories and in the General Service and related categories, and for the adjustment of pensionable remuneration between comprehensive reviews, and to submit recommendations thereon to the General Assembly at its fifty-seventh session.

III

PENSION ADJUSTMENT SYSTEM

Recalling section IV of its resolution 46/192, section V of its resolution 47/203, section I of its resolution 48/225 and section III of its resolution 49/224,

1. Takes note of the reviews carried out by the United Nations Joint Staff Pension Board, as described in section VII of its report,[1] on various aspects of the pension adjustment system;

2. Takes note also of the results of the monitoring of the costs/savings of recent modifications of the two-track feature of the pension adjustment system and of the intention of the Board to continue to monitor those costs/savings every two years, on the occasion of the actuarial valuations of the Fund;

3. Approves changes in the pension adjustment system, as set out in annex II to the present resolution, (a) to include, without creating a precedent for other situations, with retroactive effect from 1 January 1996, a special measure for determining local currency track pension amounts for beneficiaries residing in countries where a new currency unit has been introduced that significantly strengthens the relationship of the local currency to the United States dollar, subject to the eligibility criteria set out in paragraph 208 of the report of the Board,[1] and (b) to provide greater

specificity in the criteria set out in paragraph 26 of the pension adjustment system for discontinuing the local currency track pension amounts when they lead to aberrant results in a particular country;

4. Takes note of the further review carried out by the International Civil Service Commission and the Board of the provisions of the special index for pensioners, which are used to reduce or eliminate the compensation made for cost-of-living differences in the determination of the initial local currency track pensions under the two-track feature of the pension adjustment system whenever beneficiaries have a tax advantage in an otherwise high-cost country of retirement, and approves the agreed recommendation of the Commission and the Board that the current provisions of the special index for pensioners should be maintained.

IV

ACTIVITIES RELATED TO RESOLVING PROBLEMS CONCERNING THE IMPLEMENTATION OF THE TRANSFER AGREEMENTS BETWEEN THE UNITED NATIONS JOINT STAFF PENSION FUND AND THE FORMER UNION OF SOVIET SOCIALIST REPUBLICS, THE FORMER UKRAINIAN SOVIET SOCIALIST REPUBLIC AND THE FORMER BYELORUSSIAN SOVIET SOCIALIST REPUBLIC

Recalling its resolutions 48/225 and 49/224,

Noting that the United Nations Joint Staff Pension Fund had transferred to the Social Security Fund of the former Union of Soviet Socialist Republics the actuarial value of the pension rights accrued by individual former participants, as required under the relevant transfer agreements with the former Union of Soviet Socialist Republics, the former Ukrainian Soviet Socialist Republic and the former Byelorussian Soviet Socialist Republic,

1. Takes note of the legal opinion of the Legal Counsel of the United Nations set out in paragraph 124 of the report of the United Nations Joint Staff Pension Board to the General Assembly at its forty-eighth session;[6]

2. Notes that the proposed agreement between the Government of the Russian Federation and the Board, as set out in annex VI to the report of the Board,[1] does not give rise to any rights or entitlements of any kind for any person under the Regulations of the United Nations Joint Staff Pension Fund, and that the provisions of the proposed agreement are not incorporated in any way in the Regulations or Administrative Rules of the Fund;

3. Concurs with the proposed agreement, which would represent the first step in resolving the problems that have arisen with respect to the application of the transfer agreements;

4. Notes that some Member States have expressed concern that the proposed agreement only covers certain former Fund participants who are now citizens of the Russian Federation;

5. Endorses the further steps envisaged in the proposed agreement and in paragraph 246 of the report of the Board, as endorsed by the Advisory Committee on Administrative and Budgetary Questions in paragraph 32 of its report,[4] and, towards this end, urges the Governments of the Member States concerned to undertake direct discussions aimed at resolving the financial

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[6] Official Records of the General Assembly, Forty-eighth Session, Supplement No. 9 and corrigendum (A/48/9 and Corr.1).

issues involved in respect of those former participants who are their citizens or permanent residents;

6. Requests the Board to report to the General Assembly at its fifty-third session on the developments in respect of the further steps mentioned in paragraph 5 above and to submit to it recommendations related thereto, as appropriate.

V

FINANCIAL STATEMENTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND AND REPORT OF THE BOARD OF AUDITORS

1. Notes with satisfaction that the report of the Board of Auditors on the accounts of the United Nations Joint Staff Pension Fund for the biennium ended 31 December 1995 had revealed no material weakness or errors in the procedures and operational systems of the Fund, nor any evidence of fraud;

2. Takes note of the measures taken and under consideration by the secretariat of the Fund to improve the procedures for verifying continuing eligibility for benefits from the Fund;

3. Takes note also of the arrangements made for internal audits of the Fund, to be carried out by the United Nations Office of Internal Oversight Services;

4. Requests the Secretary-General to continue to make available to the Fund the United Nations machinery for contracting and procurement, as recommended by the United Nations Joint Staff Pension Board in paragraph 111 of its report.[1]

VI

ADMISSION TO MEMBERSHIP IN THE UNITED NATIONS JOINT STAFF PENSION FUND OF THE INTERNATIONAL TRIBUNAL FOR THE LAW OF THE SEA

Noting that the International Tribunal for the Law of the Sea meets the conditions set out in article 3 of the Regulations of the United Nations Joint Staff Pension Fund for membership in the Fund,

Decides to approve the admission to membership in the United Nations Joint Staff Pension Fund of the International Tribunal for the Law of the Sea, as from 1 January 1997.

VII

ADMINISTRATIVE EXPENSES OF THE UNITED NATIONS JOINT STAFF PENSION FUND

Recalling section VII of its resolution 50/216 and its request, made on the recommendation of the Advisory Committee on Administrative and Budgetary Questions, that the United Nations Joint Staff Pension Board review the additional staffing proposals for the Investment Management Service that had been presented to the General Assembly at its fiftieth session in the budget proposals for the biennium 1996-1997,

Having considered the observations of the Board on the staffing of the Investment Management Service and on other requests for additional resources, as set out in paragraphs 313 to 328 of its report,[1]

Approves the additional staffing and other resources recommended by the Board, in paragraphs 330 and 332 of its report, involving expenses amounting to 1,187,200 United States dollars net for the biennium 1996-1997, chargeable directly to the United Nations Joint Staff Pension Fund, for the administration of the Fund.

VIII

OTHER MATTERS

Recalling its decision 50/485 concerning the provisions of the Regulations of the United Nations Joint Staff Pension Fund governing the suspension of benefits in cases of re-employment of retirees in a member organization of the Fund and, in particular, its invitation to the United Nations Joint Staff Pension Board to examine the possibility of suspending benefits in cases of re-employment for periods of less than six months,

1. Takes note of the review carried out by the United Nations Joint Staff Pension Board, as set out in paragraphs 252 to 261 of its report,[1] and of its decision to defer consideration of a possible amendment of article 40 (a) of the Regulations of the United Nations Joint Staff Pension Fund, pending action by the General Assembly at its fifty-first session on the report it had requested from the Secretary-General on the question of the employment of retirees by the United Nations;

2. Recalls its decision 51/408 of 4 November 1996, in which it decided, inter alia, to set a ceiling on the amount that retired staff in receipt of a pension benefit from the Fund who are re-employed by the United Nations may earn per calendar year and to limit such employment to no more than six months per calendar year;

3. Requests the Board to continue its consideration of an amendment of article 40 (a) of the Regulations of the Fund in respect of the re-employment of retirees in receipt of benefits from the Fund under appointments of more than two but less than six months, and to submit a recommendation thereon to the General Assembly at its fifty-third session;

4. Takes note of the review by the Board of the entitlement to survivors' benefits for spouses and former spouses, and of the intention of the Board to examine further the various aspects of this issue, including consideration by the Standing Committee of the Board in 1997 of a limited modification to the Fund's administrative rule B.4 on confidentiality and of the implications of introducing a payment facility in respect of court orders on family support, as well as consideration by the Board at its session in 1998 of the more far-reaching issue of the possible revision of articles 34 and 35 of the Regulations of the Fund;

5. Notes the other matters dealt with in section IX of the report of the Board.

IX

INVESTMENTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND

1. Takes note of the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund, on the review of the new custodial arrangements for the Fund's assets implemented in 1994 and on the review of the arrangements for the provision of institutional advisory services,[3] as well as the observations of the United Nations Joint Staff Pension Board thereon in its report;[1]

2. Takes note also of the observations of the Board of Auditors on the outstanding tax refunds due to the Fund from some Member States in respect of direct taxes imposed on the Fund's investment income, as set out in paragraphs 41 to 43 of the report of the Board of Auditors and reproduced in annex III to the report of the Pension Board, and the comments of the Pension Board thereon;

3. Takes note with satisfaction of the increase in the number of Member States that have granted tax exemption for the investments of the Fund;

4. Reiterates its request to those Member States which do not grant such exemptions to make every possible effort to do so as soon as possible;

5. Urges those Member States which have outstanding balances on foreign tax accounts receivable, as shown in schedule 6 of the financial statements contained in annex II to the report of the Board, to make every possible effort to reimburse the amounts due as quickly as possible.

89th plenary meeting
18 December 1996

ANNEX I

Amendments to the Regulations of the United Nations Joint Staff Pension Fund

Article 28

Retirement benefit

1. Replace paragraph (d) (i) (B) with the following:

"(d) (i) (B) The maximum benefit payable under the same provisions of (b) or (c) above to a participant at the level D-2 (top step for the preceding five years) separating on the same date as the participant."

2. Replace paragraph (g) (i) (B) with the following:

"(g) (i) (B) The actuarial equivalent of one third of the maximum benefit that would be payable to a participant retiring at the normal retirement age, on the same date as the participant, with a final average remuneration equal to the pensionable remuneration on that date for the top step of level P-5 on the scale of pensionable remuneration appended to article 54."

Article 54

Pensionable remuneration

1. Replace the first sentence of paragraph (b) with the following:

"In the case of participants in the Professional and higher categories, the scale of pensionable remuneration effective 1 January 1997 shall be as set out in appendix B hereto."

2. Replace appendix B with the following:

Appendix B

PENSIONABLE REMUNERATION OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES

(United States dollars)

(Effective 1 January 1997)

	Steps														
Level	I	II	III	IV	V	VI	VII	VII	IX	X	XI	XII	XIII	XIV	XV
USG	175 139														
ASG	161 876														
D-2	134 605	137 664	140 723	143 779	146 838	149 897									
D-1	119 216	121 663	124 107	126 547	128 992	131 558	134 177	136 797	139 413						
P-5	105 510	107 722	109 934	112 146	114 358	116 567	118 779	120 991	123 201	125 413	127 625	129 842	132 212		
P-4	87 233	89 392	91 547	93 702	95 861	98 016	100 173	102 330	104 487	106 642	108 797	110 959	113 113	115 270	117 428
P-3	72 604	74 457	76 311	78 162	80 016	81 869	83 721	85 578	87 516	89 544	91 569	93 595	95 620	97 645	99 673
P-2	59 564	61 224	62 880	64 536	66 194	67 852	69 509	71 165	72 825	74 481	76 137	77 796			
P-1	46 832	47 978	49 569	51 163	52 755	54 348	55 942	57 533	59 125	60 719					

ANNEX II

Changes in the pension adjustment system

I. Payment of the benefit

1. In paragraph 26, replace subparagraph (a) with the following:

"(a) For countries where the application of the local currency track would lead to aberrant results, with wide fluctuations depending on the precise commencement date of the underlying benefit entitlement, establishment of a local currency base amount in accordance with section C may be discontinued by the Secretary of the Pension Board. In such cases, the Secretary shall duly inform the Board or the Standing Committee of this action, as soon as feasible;"

2. In paragraph 26, add a new subparagraph (b) reading:

"(b) Aberrant results in (a) above may be due to, inter alia:

"(i) A very high inflation rate and an exchange rate which either remained fixed or whose fluctuation was very limited in relation to the level of the inflation rate;

"(ii) The 36-month average of exchange rates covered different currency units or included a currency unit that was no longer applicable;

"(iii) Substantial depreciation of the local currency, combined with non-existent, inconsistent or outdated information on the movement of the country's consumer price index."

3. Renumber paragraph 26 (b) as 26 (c).

4. Add a new section Q reading:

"Q. Special measure for determination of the local currency base amount in certain countries with a new currency unit

"38. (a) For countries where a new currency unit was introduced on or after 1 January 1990 which represented, at the time of its introduction, an increase in the value of the local currency in relation to the United States dollar of at least 100 per cent, the local currency base amount under section C, paragraph 5 (b) (iii), above shall be determined in the following manner:

"(i) For beneficiaries separating before or during the month of introduction of the new currency unit: by applying to the dollar base amount, as adjusted under section H above to the date of introduction of the new local currency unit, the United Nations operational exchange rate in effect as of such date;

"(ii) For beneficiaries separating after the end of the month of introduction of the new currency unit: by applying to the dollar base amount the average of the United Nations operational exchange rates for the new local currency unit over the period from the effective month of introduction of the new currency unit to the month of separation, up to a maximum of 36 months;

"(b) This special measure shall apply to all beneficiaries who have provided, or will provide in future, proof of residence in a country which meets the criteria in subparagraph (a) above;

"(c) (i) The local currency base amount determined in accordance with subparagraph (a) (i) above shall be adjusted by the consumer price index movement, in accordance with section H above, as from the date of introduction of the new currency unit;

"(ii) The local currency base amount determined in accordance with subparagraph (a) (ii) above shall be adjusted by the consumer price index movement, in accordance with section H above;

"(d) The local currency amount calculated under this special measure will be paid only with effect from the first day of the quarter following submission of proof of residence, or, in cases where proof of residence had been submitted earlier, as from the first day of the

quarter following the date of introduction of the new local currency unit, with retroactive effect only as from 1 January 1996;

"(e) Should the new local currency unit depreciate against the United States dollar by 50 per cent or more from its value on the date of introduction, beneficiaries covered by the special measure may exercise an option, within two years as from the date of implementation of the special measure, 1 January 1997, to withdraw their proof of residence and to have their pension benefits paid thereafter solely on the United States dollar track. Such reversion to the dollar track alone would be effective as from the first quarter following receipt of the beneficiary's withdrawal of proof of residence by the Fund secretariat."